



CONNECTICUT  
BUSINESS & INDUSTRY  
ASSOCIATION



TESTIMONY OF ERIC J. BROWN

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CONNECTICUT BUSINESS & INDUSTRY ASSOCIATION

before the  
ENERGY & TECHNOLOGY COMMITTEE  
March 15, 2011

My name is Eric Brown and I serve as associate counsel with the Connecticut Business & Industry Association ("CBIA"). On behalf of our 10,000 large and small member companies throughout Connecticut, we are pleased to provide comment on:

**Raised Bill No. 415: An Act Concerning the Operations of the Department of Energy and Environmental Protection, the Establishment of a Commercial Property Assessed Clean Energy Program, Water Conservation and the Operations of the Clean Energy Finance and Investment Authority.**

CBIA is pleased to support this bill as an important and significant follow-up to last year's landmark energy legislation. We particularly applaud the bill's proposal to create a commercial "PACE" program and to expand the capabilities of the Connecticut Clean Energy Authority. We do have some reservations about portions of the bill related to arbitrarily raising water rates as a means to promote conservation and further drive down demand for that resource.

**Energy Efficiency Provisions**

With respect to the energy efficiency portions of the bill, CBIA would like to particularly express its appreciation and support for sections of the bill that promote new and innovative clean energy financing tools that will significantly advance our state's leadership in the area of energy efficiency investment. Rather than continuing to rely solely on a subsidy-based model for incentivizing residential and industrial investments in energy efficiency, this bill will

significantly expand our ability to leverage limited state dollars within municipal and private capital markets to stimulate demand and investment by orders of magnitude.

The Commercial / Industrial Property Assessed Clean Energy Program (“PACE”) proposed in section 56 of the bill is an outstanding example of this type of innovating financing tool. CBIA strongly supports the PACE proposal and we hope your committee will give it your full support.

#### Caution on manipulating water rates

With respect to sections 58 - 62, CBIA appreciates the legitimate needs of water companies to charge rates that allow for much needed maintenance and upgrades of water infrastructure, which is critical to their ability to provide efficient and reliable service for business and residential customers alike. We also recognize that water usage has significantly declined over the past several years and there is a need to find ways to insure these companies can remain viable in the face of this declining water use.<sup>1</sup>

However, CBIA is concerned that manipulating the price of this commodity, purely to provide for even further declines in water use risks an over-manipulation of the marketplace – especially with respect to the business sector where strong incentives already exist for minimizing discretionary water usage and the ability to modulate water usage in conjunction with peak-demand pricing is minimal or non-existent.

The 2012 report on water rates and conservation prepared by the Water Planning Council Advisory Committee, which looked at possible approaches to rate pricing warned:

**“It was generally understood that these suggested rate design concepts are intended to target discretionary use, particularly outside watering where customers have control and the greatest opportunities may be with residential customers.”**

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<sup>1</sup> See attached charts from the 2012 Water Planning Advisory Committee Report on Water Rates and Conservation.

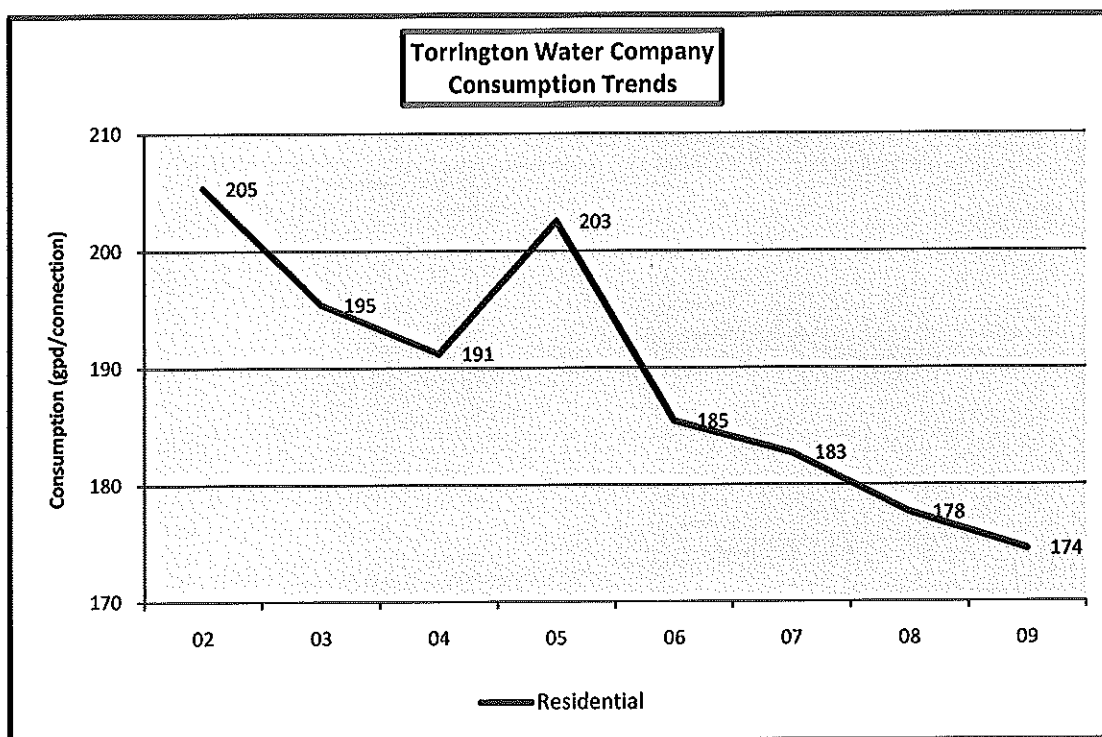
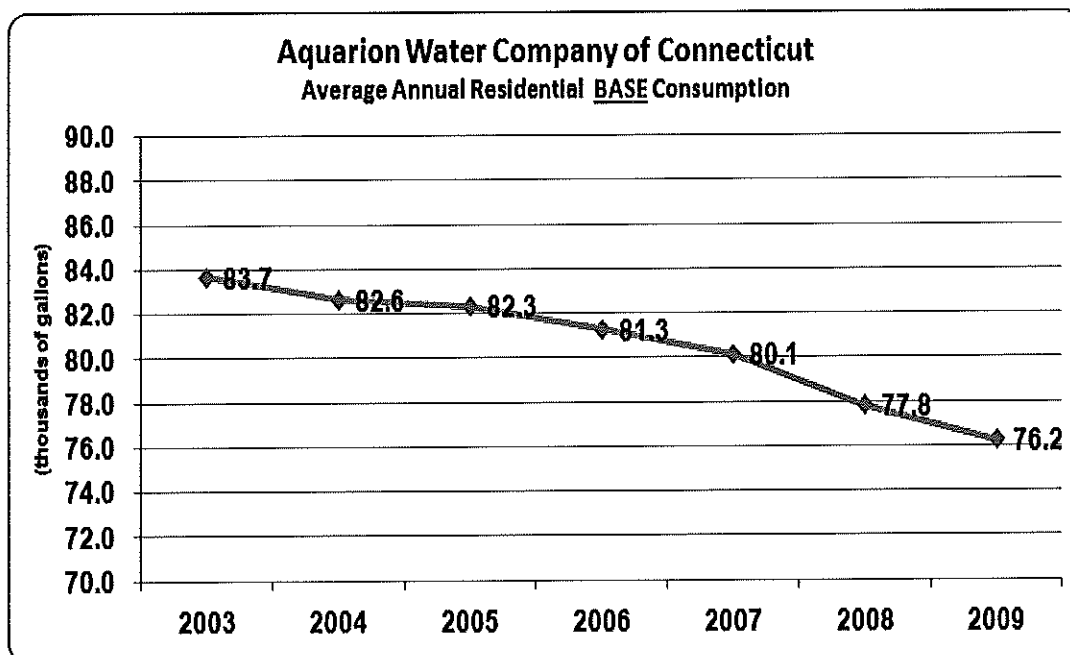
**"[Such approaches] should properly consider how they would impact commercial and industrial operations and not unduly impact their businesses yet still capture opportunities to reduce their discretionary use (e.g. lawn irrigation). "**

**"These approaches assume the systems are fully metered and could require more *advanced meter reading technology* to provide timely information to customers on their actual usage so they would know how much of their allotment they are using." "While there are a number of benefits from such technology, the costs associated with its implementation can be significant and need to be considered relative to other capital needs of the utility."**

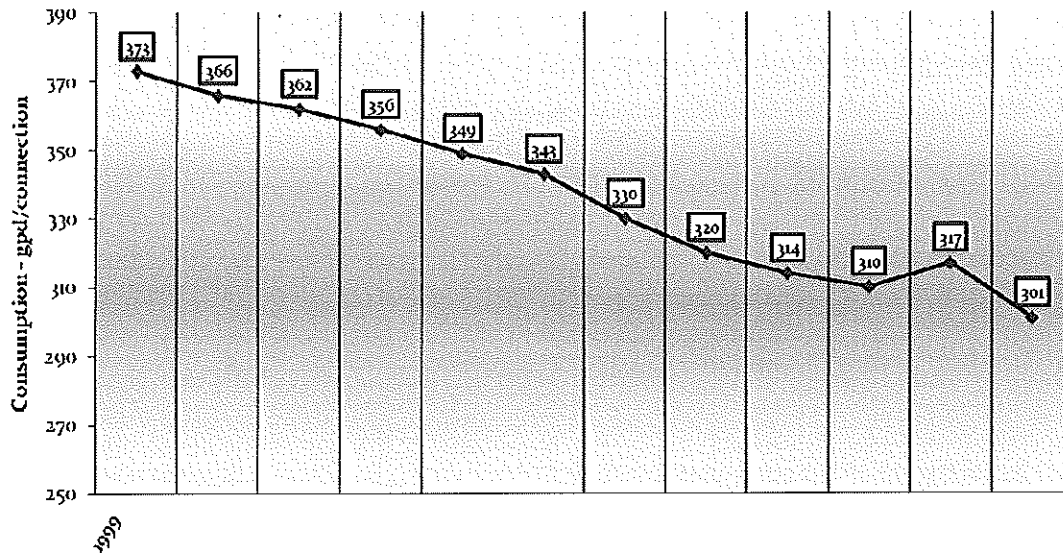
Further, CBIA warned during the multi-year debate on stream flow regulations that there would be a price to pay for a new, substantial, state-wide regulatory program affecting every river, stream and creek in the state. In section 61, we see this manifested in the authority to raise water rates to meet the capitol costs incurred by water companies for complying with this new program. Again, we have no objection to water utilities recuperating these compliance costs. "The cat is out of the bag" as they say – and there's nothing that can be done about it now. But we ask you to consider that this and other needs like infrastructure repairs and upgrades are already placing upward price pressures on water rates in an era of declining usage. That, together with the climate forecasts of increased precipitation in the northeast, render these portions of the bill that seek to artificially raise the price of water purely for disincentivizing its use, are at best, premature and untimely in our fragile economic times. CBIA would be happy to work with the committee and water utilities to modify this proposal to better meet the needs of the water utilities without unnecessarily burdening businesses.

Thank you for this opportunity to share our perspective on this important bill.

## Connecticut Utilities – Water Consumption Trends



## Regional Water Authority - Base Consumption Trends



## Connecticut Water Company – Winter Quarter Base Use

